REVISED DRAFT
SONOMA COUNTY WATER AGENCY
WATER POLICY STATEMENT
2002

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Sonoma County Water Agency

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INTRODUCTION

The Sonoma County Water Agency (Agency), created by California state legislation in 1949 (Statutes of 1949, Chapter 994 as amended), provides five types of services:

- **Municipal Water Supply.** The Agency supplies water to cities and public agencies serving most populated areas of Sonoma and Marin Counties. The total population relying upon the Agency to provide all or part of its water supply is about 600,000 and increasing. The Agency also regulates the flow of the Russian River with releases of water from Lake Mendocino and Lake Sonoma.

- **Wastewater Management.**[1] The Agency operates county sanitation districts and Agency sanitation zones providing wastewater management services to areas within Sonoma County.

- **Flood Control.** The Agency constructs flood control projects in cooperation with federal, state, and local agencies. The Agency also performs channel maintenance on both natural waterways and constructed flood control channels within Sonoma County.

- **Recreation.** The Agency provides recreation services at its Spring Lake flood control facility and also allows some recreational use of other Agency property.

- **Electricity Generation.** The Agency generates electrical energy at its Warm Spring Dam hydroelectric facility.

To assist Agency staff in developing and operating programs identified above, the Agency's Board of Directors (Board) has on several occasions formally declared the Agency's water policy. Policy declarations have in large part evolved from changes in circumstances, responsibilities, or operations at the Agency. Historically, the Agency has declared its policy with regard to the Russian River for activities including: operating criteria for Lake Mendocino; operations for Agency water supply and flood control facilities; maintenance of minimum flows in

[1] The Agency's enabling legislation was amended in 1994 to include wastewater management as an area of Agency service ~~area~~. Legislation adopted in 1994 expanding the Agency's powers to include wastewater became effective January 1, 1995. The legislation changed the existing county service areas that provide wastewater services within Sonoma County to Agency service areas. On that date, the Agency also assumed management and operation responsibility for the county sanitation districts that are governed by the Board of Supervisors through contracts between the Agency and the county sanitation districts.

Dry Creek by the Agency in its operation of Lake Sonoma for water supply; coordinated operation of Lake Mendocino and Lake Sonoma for water supply and to meet minimum flows in the Russian River; and, operation of the Agency's Lake Sonoma hydroelectric project.

The most recent major policy direction, the Agency's current Water Policy Statement, was adopted by the Board on January 29, 1991. The 1991 Water Policy Statement documented both the existing uses of the Russian River and the changing nature of the Agency's roles and responsibilities as the region's largest provider of water supply and flood control services. Specifically, the 1991 Water Policy Statement identified that the Agency's water transmission system would soon have to be expanded, and recognized the need to secure additional appropriative water rights to provide for the diversion of water necessary to serve the development allowed for in various general plans adopted within the Agency's service area. The Water Policy Statement also identified and declared that: Water conservation was an important element to ensure an adequate water supply; adequate streamflows must be maintained to protect instream uses including fisheries, recreation and tourism, and commercial fishing; and, Sonoma County residents must be assured a permanent adequate water supply. Acknowledging the Russian River's importance to counties other than Sonoma, the Water Policy Statement also declared that responsible stewardship of the Russian River required that Russian River water be made available to help meet the needs of Mendocino and Marin Counties on an as available basis, after satisfying instream uses and Sonoma County needs.

Recent Developments. Since 1991, four major changes have occurred that require the Agency to revisit and update the existing Water Policy Statement. First, on January 1, 1995, the Agency assumed responsibility for administration of county service areas and sanitation districts providing wastewater services. Second, coho salmon, chinook salmon, and steelhead were listed under the federal Endangered Species Act (ESA) as threatened in the Russian River watershed and adjacent watersheds by the National Marine Fisheries Service on October 31, 1996, August 18, 1997 and September 16, 1999, respectively, and on August 30, 2002, the California Fish and Game Commission found as warranted the California Department of Fish and Game's (CDFG) recommendation to list coho salmon (between San Francisco Bay and Punta Gorda including the Russian River watershed) as endangered under the California ESA. Third, the Agency faces new challenges associated with a continually changing regulatory environment. Finally, a water supply agreement entered into between the Agency and the Mendocino County Russian River Flood Control and Water Conservation Improvement District (MCID) in 1992, pursuant to the Agency's 1991 Water Policy Statement, ended in March 2000, making it necessary for the Agency to initiate steps to address Lake Mendocino water rights issues.

Based on the changes in circumstances previously identified, the Board directed Agency staff to update the 1991 Water Policy Statement. The following presents an overview of the content of the 2002 Water Policy Statement, including the purpose and need for the update.

Water Policy Statement 2002. The purpose of the Water Policy Statement 2002 (Water Policy Statement) update is to provide Agency staff with specific policies and direction that will assist Agency staff in implementing existing programs and activities, while recognizing the changes that have occurred since 1991. In addition, changes will continue to occur within the

Agency's services ~~areas~~ and, therefore, the Water Policy Statement provides flexibility to address future changes so that the Agency may continue to ensure its ability to provide the necessary services as identified in the Water Policy Statement. The Water Policy Statement focuses on core Agency services ~~areas~~, providing necessary guidance to form the basis for Agency decision-making. First, recognizing the importance of having a clear set of guiding principles, the Water Policy Statement begins with a series of maxims, entitled *Principles for the New Century*, that will serve as a foundation for Agency decision-making in the years ahead. Next, because each of these principles will guide Agency staff, subsequent sections of the Water Policy Statement integrate these principles into specific policies and direction for the following Agency programs:

- Water Supply Activities and Obligations;
- Wastewater Management Programs and Activities;
- Flood Control Programs and Activities;
- Recreational Activities on Agency Property;
- Security, Safety, and Preparedness; and,
- Natural Resource Protection, Recovery, and Enhancement.

Finally, to assist Agency staff in carrying out the policies and direction specified, the remainder of the Water Policy Statement describes an approach to implementing the Water Policy Statement, including a process to update the Board on progress made in implementing the Water Policy Statement. The following sections present the Revised Draft Water Policy Statement.

REVISED DRAFT WATER POLICY STATEMENT 2002~~.~~

I. Principles for the New Century

The Agency will continue to provide its existing water supply, flood control, wastewater management, and recreation services to meet the needs of current and future residents. In performing these services, the Agency will act in a measured, reasonable, and environmentally responsible manner, guided by the following principles:

- **Safety and Sustainability:** Water is a limited resource and should be used conservatively and wisely. The Agency should seek to provide, protect, and preserve a safe and reliable supply of water to serve present and future consumptive needs.

- ~~**Minimize**~~ **Environmental Impact:** Agency activities should be conducted to maximize beneficial impacts and minimize or avoid adverse impacts on the environment where feasible.

- **Economic Efficiency:** The Agency should embrace efficiency to limit the financial burden on ratepayers and taxpayers.

- **Innovation:** The Agency should welcome change. Innovative methods of carrying out Agency activities and new technologies may, where feasible,

save taxpayers and ratepayers money and provide significant environmental benefits.

- **Local Growth Decision-making:** Decisions as to the ~~proper~~ appropriate levels of growth and development properly reside with the cities and counties in the Agency's service area. The Agency should provide services, to the extent possible, to accommodate planning decisions made by those entities.

- **Leadership, Cooperation and Partnerships:** Successful watershed improvements will require collaboration among and funding from many federal, state, and local agencies and private individuals and organizations, including the Agency. The Agency should play an integral role in assisting with the development, leadership, and coordination of these cooperative efforts and partnerships and actively seek funding for watershed improvements.

- **Public Participation:** The Agency should inform the public of its activities and educate the public on water-related issues. The Agency should actively seek public input on decisions affecting Agency activities and should encourage the public to participate in watershed improvement efforts.

II. Goals and Policies for Specific Agency Programs and Activities

A. Water Supply Activities and Obligations

1. Russian River Water Rights

Background: The Agency holds ~~senior~~ appropriative water rights for much of the water available in the Russian River during all but high rainfall months.[2] The Agency's appropriative water rights are subject only to: (1) riparian rights,[3] (2) the rights of pre-1949 appropriators to natural flow of the Russian River and to water imported into the watershed, (3) an 8,000 acre-foot reservation of Lake Mendocino Project water for use in Mendocino County[4] and (4) a 10,000 acre-feet reservation for use in the Russian River basin in Sonoma County. Recent hydrological and water rights allocation model studies performed by the Agency

[2]These rights derive principally from the assignment to the Agency of a portion of the State of California's 1949 application for the Lake Mendocino Project appropriative water rights, the Agency's 1960 application for Lake Sonoma Project appropriative water rights, and permits to directly divert Russian River flow. Appropriative water rights are the dominant rights in the Russian River basin. The basic principle of the appropriative doctrine embodied in California water rights law is "first in time, first in right." The person who first appropriates water and puts it to beneficial use has a right superior to later appropriators.

[3]Riparian rights are limited to natural flow and do not include the right to water stored in one season for use in another season or the right to divert water that is imported into the watershed from another watershed.

[4]Held by the Mendocino County Russian River Flood Control and Water Conservation Improvement District (MCID) for use in its service area.

demonstrate that current diverters are probably taking more than these reserved amounts during dry years, and ~~would~~ could greatly exceed these amounts in extremely dry years.

The Agency's water rights permits authorize the Agency to use water for recreation, municipal use, domestic use, industrial use, and, with respect to Lake Mendocino and directly diverted water, irrigation use. The permits contain terms that limit the amount of water that the Agency can directly divert from the Russian River and redivert from water released from storage in Lake Mendocino and Lake Sonoma. These permits also require that the Agency release enough water to maintain specific minimum streamflows in the Russian River and Dry Creek to protect fishery and other instream uses. Thus, in order to maintain minimum streamflows, these permits may require the Agency to use its stored water to offset diversions by others, even if the diversions by others exceed their legal rights.

The State Water Resources Control Board (State Water Board) has the authority to change the limits that exist on the Agency's diversion and rediversion[5] of water from the Russian River. The State Water Board and the courts have the authority to enforce existing legal limits on the taking of water by others.

The Agency's existing agreement for water supply, the Eleventh Amended Agreement for Water Supply[6] (Agreement for Water Supply), among other items, requires that the Agency use its "best efforts" to obtain and maintain water rights sufficient to make the water deliveries covered by that agreement. To meet the limits established in the Agreement for Water Supply, the Agency has submitted water rights applications to the State Water Board to increase rights to divert and redivert water from the present authorized total of 75,000 acre-feet per year to 101,000 acre-feet per year.

In addition, the Agency's enabling act prohibits it from conveying or alienating any Agency water rights without a popular vote.

[5] Diversion refers to water that is directly diverted from waterways. Rediversion refers to water that has been diverted previously, stored behind a containment structure such as a dam, released into a waterway, and then rediverted for use.

[6] This agreement for water supply, to which the Agency, the cities of Cotati, Petaluma, Rohnert Park, Santa Rosa and Sonoma and the Forestville, North Marin and Valley of the Moon Water Districts (VOMWD) are parties, was originally entered into in 1974 and has been amended eleven times, most recently in January, 2001. Negotiations for additional modifications to the existing Agreement for Water Supply are ~~expected to commence in the near future~~in the early stages. The Agency also has water supply contracts with the Marin Municipal Water District and serves supplemental water to the Town of Windsor, California American Water Company (Larkfield/Wikiup ~~Water~~ District), the Kenwood and Penngrove Water Companies, Lawndale Mutual Water Company, and other small users.

Policy and Direction Regarding Russian River Water Rights

Policy: The Agency should take all steps reasonably necessary to defend its existing water rights and to acquire additional rights as needed to meet its contractual obligations.

Direction:

a. The Agency will continue to file objections with the State Water Board to the issuance of any new Russian River, Dry Creek, or other water rights, including those applications that could affect the Agency's water rights, unless the new rights are conditioned to recognize the priority of the Agency's rights.

b. Agency staff will increase efforts to quantify and monitor existing uses of Russian River and Russian River tributary water so that the Agency's priority water rights may be enforced in times of shortage.

c. The Agency will apply for and pursue new and modified water rights as needed to provide water under current, amended, and future water supply agreements.

d. The Agency will continue to develop and negotiate agreements with potentially competing water users as necessary to resolve water rights disputes and protect the Agency's water rights. When developing agreements, the Agency will include, where feasible, the provision of using recycled water to offset existing ~~potable~~ water use.

2. *Water Supply*

Background:

a. Surface Water

The Agency's enabling act authorizes it to provide water and construct facilities needed to serve water for all purposes, including domestic, municipal, commercial, industrial, recreational, and agricultural purposes.[7] The Agency's enabling act does not, however, require that the Agency provide a water supply to any particular party in any particular amount or from any particular source.

The Agency has constructed and operates a water transmission system that delivers potable water to distribution systems in Sonoma and Marin Counties. The water transmission system has been financed and constructed, and is operated and maintained, pursuant to the Agreement for Water Supply between the Agency and the cities and water districts it

[7] The Agency's enabling act (Statutes of 1949, Chapter 994 as amended) contains no limitations on the uses to which water served by the Agency may be put to use. The Agency, under contract with the federal government, has rights to store water in Lake Sonoma for water supply use. Although the Agency's enabling act does not limit uses to which the Agency may put water, both the federal contract and the water rights for Lake Sonoma preclude the use of water for irrigation and agricultural use.

serves. The Agency's Lake Sonoma hydroelectric facility was similarly developed at the expense of and is operated to benefit the Agency's water transmission system customers. Additionally, the Agency has contracts with several cities and water districts which allow those entities to take Russian River water under the Agency's water rights when their rights are inadequate.

The principal sources of water for the Agency's water transmission system and other municipal diverters will continue to be the runoff from the Russian River watershed, augmented by diversions from the Eel River made by Pacific Gas and Electric Company's (PG&E) Potter Valley Project. During the dry months of the year, the Russian River flow is regulated by the Agency with releases of stored water from Lake Mendocino and Lake Sonoma. From Lake Mendocino to the Dry Creek confluence near Healdsburg, the flow of the Russian River is regulated with releases from Lake Mendocino. The flows of Dry Creek and the Russian River downstream from the Dry Creek confluence are regulated with releases from Lake Sonoma. Releases from storage for rediversion by the Agency's water transmission system and other municipal rediverters situated downstream from the confluence of Dry Creek are generally made from Lake Sonoma.

The Agency also regulates the flow of the Russian River for the benefit of agricultural, municipal, and instream beneficial uses. As noted above, this function is carried out in accordance with conditions contained in the Agency's water rights permits. While the greatest source of water available in the Agency's service area is surface water, future surface water supplies may not be sufficient to provide all the water needed in the region. Water conservation is already a significant component of the water supply-demand equation. Recycled water and the conjunctive use of surface and groundwater supplies will become increasingly important in the Agency's service area and must be considered in evaluating the regional water supply.

Public and private entities currently using (or expected to use) water from the Agency or the Russian River for consumptive purposes generally fall into five groups: parties to the existing Agreement for Water Supply, other Sonoma County municipal interests, Mendocino County interests (both agricultural and urban), the Marin Municipal Water District (MMWD), and Sonoma County agricultural interests along the Russian River, Dry Creek, and elsewhere.

The Agency expects to be able to provide a reliable municipal water supply for the parties to the Agreement for Water Supply over the next twenty years, generally from Russian River sources.[8] However, this water supply will not be adequate to serve the expected needs of all these groups for all time, given the region's climate and historic growth patterns. In addition, emerging water quality issues pose a potential threat to the Agency's water supply. Emerging water quality issues involve the potential regulation of chemicals that are currently not regulated. Examples of currently unregulated chemicals include endocrine disruptors and pharmaceuticals. While the Agency's water supply facilities have reliably produced high quality potable water for over 40 years, the Agency must remain vigilant in addressing potential water quality impacts to its water supply while maintaining the ability of these facilities to continue to reliably produce sufficient, and excellent water quality. Consequently, the Agency must continuously evaluate

[8]This expectation is based on certain assumptions outlined in the Agency's Urban Water Management Plan 2000, adopted April 17, 2001.

issues that could impair the performance of its water supply facilities. ~~In particular, the Agency faces challenges associated with emerging water quality issues.~~ To further evaluate and plan for ~~these~~ emerging water quality issues, the Board directed the Agency in November 2001[9] to continue to perform water quality studies necessary to evaluate the potential impacts of emerging water quality issues on the Agency's potable water supply.

Another challenge to the Agency's ability to provide a reliable water supply is the presence of federally protected species within the Agency's service areas. Many of the Agency's water supply facilities are located in areas that are habitat or potential habitat for three threatened species under the federal ESA, coho and chinook salmon, and steelhead. Water released from Lake Sonoma and Lake Mendocino is rediverted at the Agency's Wohler and Mirabel collector facilities for water supply use. During low flow periods, the Agency operates an inflatable rubber dam that creates a water supply pool that increases infiltration adjacent to the Agency's collector wells, and is used to fill infiltration ponds adjacent to the Agency's collector wells at Wohler. In addition, surface water is directly diverted behind the inflatable dam into the Agency's infiltration ponds at Mirabel. Since the Russian River provides habitat for the three listed fish species, the Agency's water supply activities located along the Russian River have the potential to impact these listed fish species.

To address the potential impacts to listed fish species from the Agency's water supply facilities and operations, the Agency is participating in a Section 7 Consultation under the federal ESA along with the National Marine Fisheries Service (NMFS) and U.S. Army Corps of Engineers (Corps). The Agency's water supply activities are one subject[10] in the ongoing Section 7 Consultation (Discussed in the Natural Resources, Protection and Enhancement section of this document). The ESA prohibition on "take"[11] of listed species may result in changes to the Agency's water supply activities. A major focus of the consultation is to evaluate whether the operation of the Agency's existing water supply facilities affect the three threatened fish species in the Russian River watershed. In addition, the Section 7 Consultation will also evaluate the potential effect of future Agency water supply facilities on these species. Of particular significance to the Agency is the extent to which the outcome of this process may affect how or if the Agency is able to operate the inflatable dam at Mirabel. Restructuring or eliminating the Agency's use of the inflatable dam and infiltration ponds would significantly reduce the production capacity of the Agency's existing facilities. Consequently, the determination of whether the Agency is able to operate the inflatable dam and infiltration ponds will dictate whether the Agency must plan additional facilities to meet only additional future demand or whether future facilities must also account for lost production capacity. Therefore, the Section 7

[9] Resolution No. 01-1397, November 26, 2001.

[10] The Agency's and U.S. Army Corps of Engineers' flood control activities within the Russian River watershed are also being evaluated as part of the Section 7 Consultation. Additional information regarding the flood control components of the Section 7 Consultation are described in the Flood Control Programs and Activities section of this document.

[11] "Take" is defined in the ESA as: to harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, collect or attempt to engage in any such conduct. ~~In other words, any~~ Any actual harm to an individual member of a protected species, whether caused ~~activity that has a~~ directly or indirectly (e.g., through adverse modification of habitat), may ~~adverse effect on a listed species would~~ be considered a "take" under the ESA.

Consultation remains a driving force behind water supply planning efforts for the Agency, as the outcome of this process will dictate not only how current facilities are operated, but how future facilities will be constructed and operated.

b. Groundwater

Three groundwater wells located west of the City of Santa Rosa, near the Laguna de Santa Rosa, provide a secondary source of water for the Agency's water transmission system. Although groundwater makes up only a small part of the water supply currently provided by the Agency, it is the primary source of water supply in many parts of Sonoma County not serviced by the Agency's water transmission system. In addition, many of the Agency's water contractors operate groundwater wells to supplement deliveries made by the Agency (e.g., Rohnert Park, Cotati, Petaluma, Sonoma, and Valley of the Moon Water District [VOMWD]). As a supplemental source, groundwater is vitally important in helping these communities meet peak demands. The extent to which groundwater can provide a reliable future regional water supply is not known. Several studies, conducted in the 1980's, contain outdated information. Both the Agency and County of Sonoma have embarked on studies to assess groundwater conditions in certain areas of Sonoma County. The Agency, in particular, is studying groundwater in the Sonoma Valley, and Alexander and Russian River Valleys in cooperation with the U.S. Geological Survey. The study, in its ~~initial stages~~second year, will be completed over the next ~~four~~ several years. Recognizing the growing importance of groundwater as a finite source of water supply, additional groundwater studies will be needed to better assess regional and local groundwater conditions (both quality and quantity) throughout Sonoma County.

c. Recycled Water

An important additional source of water is recycled water. Use of recycled water by Agency and non-Agency customers (for example, agricultural users) may benefit watersheds, fisheries, groundwater resources, and surface water supply by decreasing water diversions from the Russian River, its tributaries, and groundwater basins. Use of recycled water will also decrease the need for direct discharges from wastewater treatment facilities into streams and rivers and other surface water bodies, further benefiting the Russian River watershed. Since 1995, the Agency has operated wastewater treatment plants and collection systems in Sonoma County, and other public entities operate wastewater treatment plants throughout the Agency's service area. With appropriate levels of wastewater treatment, water reclaimed from these plants can be used in the place of potable water for specific purposes (e.g., for irrigation) and thus reduce demand on and extend potable water supplies throughout the region, while simultaneously reducing surface water discharges.

The Agency has developed extensive recycled water programs. Recycled water produced from wastewater treatment plants managed by the Agency is used for beneficial purposes including habitat enhancement, potable offset for municipal uses, and as an irrigation source for local agriculture. ~~Several of the Agency's wastewater treatment plants provide recycled water for beneficial uses.~~ For example, the Airport-Larkfield-Wikiup County Sanitation Zone delivers recycled water for agricultural irrigation purposes. The Forestville County Sanitation District provides recycled water for agricultural irrigation and will soon be providing

recycled water for urban uses (landscape irrigation). The Sonoma Valley County Sanitation District (SVCSD) provides recycled water to agricultural lands, and to wetland areas in the San Pablo Bay watershed.

Recognizing the long-term benefits of recycled water as a resource for institutional and urban reuse, agriculture, and habitat enhancement, the Agency's Board directed staff to study the potential to further use recycled water. Several Agency studies, one in the Russian River, ~~and~~ Alexander, and Dry Creek Valleys, and two in the Sonoma Valley, will evaluate the potential to beneficially use recycled water. In the Russian River, ~~and~~ Alexander, and Dry Creek Valleys, the Agency is studying the feasibility of delivering recycled water from the City of Santa Rosa's Geysers pipeline to agricultural lands ~~in the Russian River and Alexander Valleys~~. Providing recycled water to vineyard owners in the Alexander Valley will reduce the current practice of surface water diversions from the Russian River and its tributaries, and reduce groundwater pumping from lands adjacent to the Russian River and its tributaries. Benefits of such a project include protection of Russian River fisheries, protection of regional water supply, and, indirectly, the reduction of surface water discharges from local wastewater treatment plants.

In the Sonoma Valley, the Agency has initiated two studies to examine the potential for use of recycled water. The first study, the Sonoma Valley Recycled Water Feasibility Study, will evaluate alternatives to store and supply recycled water to potential municipal, agricultural, and institutional users within the Sonoma Valley. Under a cooperative arrangement between the Agency, City of Sonoma, and ~~Valley of the Moon Water District~~VOMWD, the study will identify and evaluate alternatives that could provide recycled water for beneficial use within both the City of Sonoma and ~~Valley of the Moon Water District~~VOMWD service areas. Potential benefits of providing recycled water in the Sonoma Valley include: provision of recycled water to offset potable water use in the District's and City's service areas; reduction of surface water discharges at the ~~Sonoma Valley~~ SVCSD Wastewater Treatment Plant; and potential reduction of groundwater pumping in the Sonoma Valley. The second study, to address the potential to use recycled water for habitat enhancement of the Napa-Sonoma Salt Marsh, is being conducted by the Agency in cooperation with the California Coastal Conservancy, the Corps, and the ~~California Department of Fish and Game (~~CDFG~~)~~. For this study, the Agency is evaluating the feasibility of supplying recycled water to the Napa-Sonoma Salt Marsh, an area comprised of former salt ponds and owned by the CDFG. Under a cooperative agreement, the Agency's SVCSD Wastewater Treatment Plant, and potentially other wastewater treatment plants in the region, would supply recycled water to be used by the CDFG to restore and enhance the Napa-Sonoma Salt Marsh.

Policy and Direction Regarding Water Supply:

Policy: The Agency will use its best efforts to ~~take measures necessary to~~ maintain the Russian River water supply sufficient to allow the Agency to supply water to its customers ~~meet its water contractor's entitlements~~ as specified in the Agency's existing water supply agreements. The Agency should quantify the supply of water available from all sources. The Agency should continue to study groundwater, recycled water, and conservation as part of a strategy to optimize the overall regional water supply within the Agency's service area. Where feasible, the Agency should pursue recycled water projects that offset ~~potable~~ water use ~~within the Agency's service area~~. Of great importance, the Agency should continue to study and monitor the water quality of the Russian River, including emerging water quality issues, to safeguard the region's primary water supply.

Direction:

a. Surface water

i. Upon completion of the Section 7 Consultation, the Agency will evaluate the reliability of future water supplies by quantifying the anticipated available surface water supply and the anticipated demands of the Agency's customers. As a part of this evaluation, the Agency, in consultation with its water customers, will promote a public discussion of the extent to which available water supplies can be extended and the risks of shortage, and how to address potential reductions and reduce peak demands.

ii. The Agency will continue to take steps necessary to maintain the adequacy of the surface water supply available to the region, including participation in Federal Energy Regulatory Commission, California Public Utilities Commission, and State Water Board proceedings. In particular, the Agency will actively participate in proceedings involving the Potter Valley Project, to ensure that the interests of water users in Mendocino, Sonoma, and Marin Counties receive consideration in such proceedings and that decisions affecting water supply from the Potter Valley Project are made on a sound scientific basis.

iii. To assess future water supply sufficiency, the Agency will make assumptions about the level of risk of shortage or curtailment that is acceptable for any particular type of water use. This assessment will ~~be difficult to complete until~~need to be re-evaluated when the Section 7 Consultation (discussed in the Natural Resource Protection, Recovery and Enhancement section of this document) has been completed. The outcome of the Section 7 Consultation could result in changes to the Agency's operations that make more or less water available for ~~potable uses~~use.

iv. To the extent the Agency controls additional regional water supplies, the Agency will work to identify priorities for allocation of the available water supply and conditions under which that supply will be used to ensure maximum regional benefits.

v. The Agency will cooperate with others in evaluating and protecting against risks to the quality of the Russian River surface water supply. Continued efforts will include: (a)

cooperation with the State Department of Health Services to maintain the high water quality ~~and, if possible, to avoid construction of an expensive and chemically intensive surface water treatment plant~~; (b) continued review of activities proposed by others as needed to ensure such activities do not impair the quality or quantity of the Agency's surface water supply; and, (c) continued studies and research regarding advanced wastewater treatment technologies and the ability of natural filtration to address emerging water quality issues for potable supply along the Russian River.

vi. The Agency will renegotiate existing contracts and negotiate new water supply contracts so that those contracting with the Agency pay an appropriate share of environmental costs associated with delivering current and future water supply. These may include environmental permitting, compliance, mitigation, restoration, and enhancements costs.

vii. The Agency will continue to negotiate contracts for additional surface water supplies as may be available to municipal customers within the Agency's service area generally on a "first come, first served" basis. In evaluating requests, consideration will be given to whether (1) entities requesting new water supplies are using recycled water to the greatest extent practicable or are willing to convey any rights to recycled water to the Agency so that the Agency may maintain a sustainable regional water supply, and (2) entities requesting new supplies are taking appropriate steps to ensure that their water supply activities do not adversely effect listed species under the federal and state ESAs.

viii. The Agency will continue to negotiate and enter into agreements with municipal Russian River water users for additional surface water supply under the Agency's existing water rights.

b. Groundwater

i. The Agency will cooperate with local, state, and federal officials to evaluate the location, yield, and quality of groundwater resources in Sonoma County. Such information will be utilized by the Agency to evaluate the role of groundwater as part of the regional water supply, in conjunction with surface water, water conservation, and recycled water. Priority will be given to evaluating those areas with existing identified groundwater basins, starting with the Alexander Valley (both Alexander and Cloverdale areas), Russian River Valley (Healdsburg area), and the Sonoma Valley, and the potential connectivity between basins. Thereafter, studies will focus on the lower Russian River Valley, Santa Rosa Plain, and Petaluma Valley. The Agency's interest has been and will continue to be that of a water supplier.

ii. The Agency will move forward to develop data necessary for evaluating conjunctive use of surface and groundwater.

c. Recycled Water

i. The Agency will investigate and, where feasible, implement and encourage others to implement projects to produce, distribute, and increase the use of recycled water. ~~Use of recycled water by the Agency's water contractors and other customers within the Russian River watershed will effectively reduce demand on the Agency's transmission system.~~ The Agency will seek to allocate costs of recycled water projects equitably in proportion to benefits that each party receives. As part of its efforts to maintain a sustainable regional water supply, the Agency will also seek to acquire rights to recycled water produced by others to offset ~~potable~~ water use where possible.

ii. The Agency will continue to pursue agricultural user agreements for the use of recycled water to further reduce surface water discharges to local waterways, while promoting the agricultural production and sustainability of the region.

3. Water Demand

Background:

a. The Agency's Water Contractors

The Agency provides water to its water contractors under the Agreement for Water Supply, most recently amended in 2001. ~~As mentioned previously, the Agency and its water contractors completed the most recent Agreement for Water Supply, the Eleventh Amended Agreement, in March 2001.~~ The latest amendment to the agreement, the Eleventh Amended Agreement for Water Supply, includes revisions to reflect water conservation savings, revised annual and monthly water delivery limits, and authorizes expansion of the water transmission system. These revisions include:

- Implementation of water conservation measures to achieve required savings of 6,600 acre-feet per year
- Annual water delivery limits
- Monthly delivery limits at an average of 149 million gallons per day (mgd) during the peak month
- Expansion of the existing water transmission system capacity from 92 mgd to 149 mgd, plus 20 mgd of standby capacity, with the construction of water production or diversion facilities, pipelines, water storage tanks, booster pump stations, and/or other facilities necessary to reliably deliver an average of 149 mgd during the peak month
- Allocation of costs among the water contractors for expanded transmission system facilities

Negotiation of the most recent Agreement for Water Supply resulted in several outstanding issues requiring further discussion. Issues to be resolved include: maximizing financing flexibility for future construction; the process whereby additional capital financing and construction is approved by the water contractors; clarification regarding recycled water projects;

clarification regarding additional water conservation requirements; the addition of the Town of Windsor and MMWD as water contractors; clarification of the obligation of water contractors to pay appropriate shares of environmental costs associated with delivering current and future water supply such as environmental permitting, compliance mitigation, restoration, and enhancements costs; and, efforts to protect and preserve water quality through open space purchases, easements, and acquisition of riparian zones. The appropriate venue for resolution of these issues is the next agreement, the Restructured Agreement for Water Supply. To that end, the water contractors have initiated a process to identify issues to resolve in the ~~new~~ Restructured Agreement for Water Supply.

b. Sonoma County Municipal Interests

The Agency is the largest water supplier in Sonoma County. As previously discussed, the Agency obtains most of its water from runoff from the Russian River watershed, augmented by diversions from the Eel River made by PG&E's Potter Valley Project[12]. Because the majority of the Agency's water supply comes from these sources, the Agency has an interest in safeguarding these sources of ~~Russian River~~ water supply for its water contractors. In addition to the Agency's water contractors, the Agency also provides supplemental water to other water customers under separate agreements outside of the Agency's Agreement for Water Supply. In the past, where possible, the Agency has entered into agreements with outside entities to provide primary or backup water supplies. These agreements, with the exception of those with other Agency customers as defined in the Agreement for Water Supply, are supplemental in nature~~, are~~ and subordinate to the Agency's Agreement for Water Supply.[13] Under certain conditions, water supplied under these agreements may be curtailed to ensure that the Agency can meet its water contractors' peak demands.

c. Agricultural Interests

Sonoma County's agricultural industry, including wine grapes, dairy, and other crops, contributes significantly to the County's economy and quality of life. Agriculture contributes to the County's unique scenery and is an important economic contributor, both directly and through its relationship to the tourism industry.

Much of this agricultural production depends on Russian River and Russian River tributary water. Agricultural water users obtain water under claims of riparian rights and

[12] The Agency has, on two occasions, entered into negotiations with PG&E to acquire the Potter Valley Project. No agreement has ever been reached with PG&E on a potential purchase, and, at present, the Agency is not in negotiations with PG&E for potential purchase of the Potter Valley Project. The Agency's Agreement for Water Supply includes provisions permitting the Agency to acquire the Potter Valley Project as part of the water transmission system should it become available. Acquisition under the Agreement for Water Supply would require approval from the Agency's Board of Directors and the Water Contractors (if acquired as part of the water transmission system).

[13] The Agency has agreements with 'other Agency customers' as defined in the Agreement for Water Supply. These 'other Agency customers' include the County of Sonoma, California American Water Company, Lawndale Mutual Water Company, Kenwood Village Water Company, Penngrove Water Company, City of Sebastopol, Windsor Water District, and the Occidental Community Services District. The conditions on 'other Agency customers' water deliveries are contained in Section 3.2 of the Agreement for Water Supply.

appropriative rights. However, it may be difficult to establish the source and legal basis of an agricultural water use with certainty. For example, the source of water taken from an agricultural well adjacent to a stream may be natural river underflow (to which a riparian water user is entitled), water originating in storage in Lake Sonoma or Lake Mendocino (to which a riparian water user has no right), water from an underground aquifer (to which the overlying owner has a right), water taken under a separate appropriative water rights permit, or a combination of those sources. Performing hydrologic evaluations of these different sources would be time-consuming and costly.

The Lake Sonoma water supply is not legally available to agriculture, and the Lake Mendocino water supply is generally fully allocated in times of shortage.[14] Moreover, Potter Valley Project diversions into the Russian River watershed, which provide a significant portion of agriculture's surface water supply, may not remain at their present levels.[15] Accordingly, it is unlikely that the Agency can provide significant new surface water supplies to agriculture. However, there may be other sources of supply for agricultural users including recycled water. The Agency is currently investigating the feasibility of providing recycled water to users in the Alexander Valley, Russian River Valley, Sonoma Valley, and Dry Creek Valley to offset existing use of Russian River and tributary water.

d. Mendocino County Interests

In 1992, after many years of discussion, the Agency entered into a surplus water supply agreement with the MCID. Under this contract, the Agency agreed to allow MCID to divert up to 13,000 acre-feet of water under the Agency's water rights permits associated with Lake Mendocino on an "as available" basis. In return, MCID agreed to account and report water use within MCID, which would provide the Agency with the information necessary to quantify Mendocino County water use during dry years. The agreement provided that it would terminate after five years if the State Water Board had not approved necessary changes in points of diversion and place of use under the Agency's water rights permits. The five years passed, and the Agency proceeded in good faith to pursue approval of an application to the State Water Board to secure the changes in points of diversions and place of use. The Agreement was extended once, in 1998, at MCID's request, but expired by its terms in 1999. The Agency offered MCID another agreement extending the time for securing the water rights permit changes. However in March~~,~~ 2000, MCID notified the Agency and State Water Board that it would not sign an extension agreement.

[14]The Agency's Lake Mendocino water rights are subject to both an 8,000 acre-foot right held by the Mendocino County Russian River Flood Control and Water Conservation Improvement District and a 10,000 acre-foot reservation for use in the Sonoma County portion of the Russian River Valley. In addition, the Agency's rights to Lake Mendocino water are subject to water rights that existed before 1949, the date of priority of the Lake Mendocino water rights. These pre-1949 uses are estimated to be about 13,000 acre feet per year total in Sonoma and Mendocino Counties.

[15]Several factors affect diversions from the Eel River. They include new regulatory limitations on diversions which may be imposed by the Federal Energy Regulatory Commission and physical limitations that will exist as Scott Dam, PG&E's Potter Valley Project water storage facility is affected by increasing sedimentation.

Accordingly, Mendocino County interests in the Lake Mendocino water supply are currently limited to that granted in their state water right--8,000 acre-feet per year--with the Agency having the right to the remaining water supply. Mendocino County representatives have asserted some type of right to more than the 8,000 acre-feet of water covered by MCID's existing water right. The factual or legal basis for this claim is uncertain.

Mendocino County representatives have also indicated an interest in determining whether enlargement of Lake Mendocino may increase the water supply yield of the facility. Although the Agency might support such a proposal, the Agency would need to perform modeling studies to quantify the potential water supply benefits and reach an agreement with Mendocino County interests as to how the costs and benefits would be shared.

Recent efforts in Mendocino County, including a water supply forum held in early February 2002 and a recent proposal by Mendocino County to purchase privately held water rights, suggest that Mendocino County water supply interests recognize the need to actively address water supply issues associated with existing water rights. The Agency remains interested in resolving outstanding water rights issues with Mendocino County interests.

e. Marin County Interests

Residents of northern Marin County have been full partners in development of the Russian River water supply since the late 1950s. The North Marin Water District (NMWD) was an original partner in constructing the Petaluma Aqueduct, completed in 1961. The Petaluma Aqueduct served both Petaluma and northern Marin County. NMWD was also an original participant in construction of the Russian River-Cotati Intertie Project and has always been a partner to the water transmission system agreement, through its eleven amendments. As such, the NMWD is a full partner in the Agreement for Water Supply.

Water supply discussions between the Agency and southern Marin County residents originally began in 1963. However, it was not until July of 1975 that a water supply agreement was entered into between MMWD and the Agency. The Agency-MMWD supplemental water supply agreements were last amended in January 1996. Until such time as the MMWD becomes a water contractor subject to the ~~new~~ Restructured Agreement for Water Supply, MMWD's right to capacity in the Agency's transmission system is subordinate to the right of the Sonoma County water contractors and NMWD. Under certain conditions, to assure that the water contractors' demands are met, the MMWD may receive reduced delivery of supplemental water. Therefore, it is in the general interest of the Agency, upon unanimous support by the water contractors, ~~its water contractors, and the MMWD to normalize the contractual arrangements with MMWD by providing~~ to provide MMWD with the opportunity to become one of the signatories to the transmission system agreement, thereby eliminating multiple water supply contracts.

f. Water Conservation

Formal urban water conservation efforts were initiated by the Agency almost two decades ago. The Agency first employed a full-time water conservation specialist in September 1985. The Agency's current water conservation program is staffed by a water conservation coordinator and seven water conservation and water information specialists.

The Agency offers a water education program without cost to all public and private schools (grades K-6) within the Agency's service area. This program provides instruction both in the classroom and at the Agency's field-study site. The Agency also carries out a public information program. This program includes participating in the California Water Awareness Month campaign, "beat the heat" campaigns, media marketing, and placing and staffing informational booths at regional fairs. The Agency's water conservation program, in cooperation with the water contractors, also includes water-use surveys for residential customers, large landscape conservation programs and incentives, washing machine rebate programs, conservation programs for commercial, industrial and institutional accounts, residential toilet replacement programs, and several other programs.[16] The Agency provides funding for water conservation programs operated by the water contractors and supplies professionally trained staff to carry out these programs. The Agency and the water contractors have each signed the California Urban Water Conservation Council's (CVWCC) Memorandum of Understanding (MOU) Regarding Urban Water Conservation in California, a document that outlines Best Management Practices (BMP) for achieving maximum urban water conservation. The Agency is the first wholesale water agency in California to have all its contractors sign the CUWCC MOU and commit to implementing the BMPs. ~~are also implementing Best Management Practices (BMPs) as defined by the California Urban Water Conservation Council.~~

Water conservation stretches the available water supply by reducing demand. Under the Agreement for Water Supply, the Agency and its water contractors are committed to implementing feasible best management practices so that at least 6,600 acre-feet of water per year may be saved through water conservation. This requirement does not preclude additional or more aggressive water conservation measures from being implemented, or additional savings from occurring. The projected savings of 6,600 acre-feet per year was determined to be simply the amount of savings that could reasonably be achieved for use in planning for future water supplies.

Policy and Direction Regarding Water Demand

Policy: The Agency should evaluate the future regional water demands for its contractors under the existing Agreement for Water Supply, other Sonoma County municipal interests, Mendocino County interests (both agricultural and urban), the MMWD, and Sonoma County agricultural interests along both the Russian River, Dry Creek, and elsewhere, both for the customary twenty-year planning period and beyond. The Agency should also work cooperatively with Mendocino County water interests to resolve outstanding water rights issues. In the ~~new~~ Restructured Agreement for Water Supply, the Agency's water contractors and other customers

[16] The Agency's Urban Water Management Plan contains more detailed information regarding demand projections and the Agency's water conservation program.

should provide adequate funding to ensure a reliable long-term water supply. The Agency should assist its customers in identifying steps to take to ensure that water supply activities within the Russian River watershed and other watersheds where listed fish species occur are conducted in a manner that is protective of listed fish species. The Agency should also assist its customers in implementing all feasible water conservation measures to assist in reducing demands on the Agency's transmission system, especially during peak demand periods. The Agency and its water contractors should continue their commitment to water conservation and, where appropriate, encourage alternative and innovative methods of saving water.

Direction:

a. The Agency's Water Contractors

i. The Agency will fulfill its responsibilities to provide water under the Agreement for Water Supply by completing construction of the Water Supply and Transmission System Project. This project will provide a safe and reliable water supply to the Agency's contractors to the extent needed by the population authorized by the local general plans that were in existence during development of that project.

ii. The Agency will seek to negotiate and implement a ~~new~~ Restructured Agreement for Water Supply to resolve outstanding issues which include: maximizing financing flexibility for future construction; the process whereby capital financing and construction is approved by the water contractors; clarification regarding recycled water projects; clarification regarding additional water conservation requirements; the addition of the Town of Windsor and MMWD as water contractors; clarification of the obligation of water contractors to pay appropriate shares of environmental costs associated with delivering current and future water supply such as environmental permitting, compliance, mitigation, restoration, and enhancement costs; and, efforts to protect and preserve water quality through open space purchases, easements, and acquisition of riparian zones. ~~The Agency will seek to negotiate and implement a new water supply agreement to resolve these issues.~~

iii. The Agency will assist its customers in identifying steps to take to ensure that water supply activities within the Russian River watershed and other watersheds where listed fish species occur are conducted in a manner that is protective of listed fish species.

b. Sonoma County Municipal Interests

i. Subject to the Agency's obligations to its existing regular customers[17], all municipal water supply entities will be given the opportunity to enter into contracts with the Agency to receive a primary or backup water supply, either by becoming parties to the ~~new~~ Restructured Agreement for Water Supply or through separate supply contracts with the Agency.

[17] Regular customers as defined in the Agreement for Water Supply include the water contractors and other Agency customers.

ii. All such entities will share, as appropriate, in the costs of necessary capital improvement projects, environmental permitting, compliance, mitigation, restoration, and enhancement projects, and riparian zone setback protection.

c. Agriculture

i. The Agency will cooperate with agriculture to develop physical solutions to water supply needs. These physical solutions will include development of alternative water supplies, focusing on recycled water projects that diminish the impact of agriculture on regional water supplies and on water-dependent fish and wildlife species.

ii. Although the Agency must be prepared to protect its water rights from encroachment by other users, the Agency will seek to avoid litigation where possible and will make reasonable efforts to accommodate other water users through agreements that quantify, where practical, existing legal uses.

d. Mendocino County Interests

i. The Agency will work to initiate discussions with Mendocino County water supply interests to resolve water rights issues.

ii. The Agency will cooperate with Mendocino County interests to investigate physical solutions to water supply problems, including recycled water, groundwater, and other water resources projects or programs.

iii. The Agency will be prepared to initiate litigation to protect the Agency's interest in Lake Mendocino water supply.

e. Marin County Interests

i. The Agency will work with the Water Advisory Committee to consider inclusion of ~~to include the~~ MMWD as a water contractor in the ~~new~~ Restructured Agreement for Water Supply.

ii. In negotiating the terms for inclusion of MMWD as a water contractor in the ~~new~~ Restructured Agreement for Water Supply, the Agency will work to structure the agreement so that all Marin County residents who are supplied Russian River water will bear the same risks, responsibilities, and benefits as the other water contractors. Marin County residents will be required to assume the entire risk of future investments in transmission system capacity intended to serve them, and the commensurate obligations to fund needed projects and programs including environmental permitting, compliance, mitigation, restoration, and enhancement projects and the Agency's recycled water program.

f. Water Conservation

i. The Agency will work to maintain and update and revise as necessary its water education and public information program to encourage present and future Agency customers to develop and maintain a water conservation ethic.

ii. The Agency will continue to provide water conservation funding and staff support to its water contractors to assist them in developing new and innovative programs appropriate for their jurisdictions and in implementing the BMPs contained in the CUWCC MOU Regarding Urban Water Conservation in California.

iii. The Agency will continue to develop and maintain a centralized staff with expertise in new and innovative technologies, and cost-effective water conservation practices.

iv. The Agency will assist the contractors in drought preparation, including analysis of "demand hardening"[18] effects of water conservation fixtures and programs.

v. The Agency will continue to develop the water conservation program for commercial, industrial, and institutional accounts, as these accounts represent a major opportunity for additional water conservation.

vi. The Agency will work to further the landscape water conservation program to assist the Agency in peak demand reduction.

vii. To implement the above, the Agency will seek federal and state grant funding to help offset the costs associated with the Agency's water conservation program.

B. Wastewater Management Programs and Activities

Background: In January 1995,[19] the Agency became responsible for five county sanitation districts and six county sanitation zones that operate wastewater collection, treatment, reclamation, and disposal systems serving unincorporated areas of Sonoma County. Since 1995, the Agency has transferred control of one system, the Sears Point Sanitation Zone, to a local entity, and has added one sanitation facility, the Mayacamas service area, which is managed by the Agency, but operated by an outside entity. The Agency currently operates the county sanitation districts under contract. The county sanitation districts and Agency sanitation zones are managed as financially independent enterprises of the Agency. Of the eleven districts and zones, the Agency currently operates nine wastewater sanitation systems that serve populations ranging in

[18] "Demand hardening" refers to a situation that arises when water purveyors have implemented water conservation devices such as low flow toilets and showerheads. When such water conservation hardware is implemented, the ability to further reduce water usage or conserve water is limited, and, therefore said to be "demand hardened." The ability to further reduce demand through water conservation measures is difficult to accomplish under such conditions.

[19] Legislation in 1995 added sanitation services to the Agency's responsibilities (Statutes of 1949, Chapter 994 as amended in 1995).

number from several hundred to more than 30,000. The remaining two systems are operated by outside entities under separate agreements.

Two primary constraints exist for the Agency in its operation of wastewater treatment plants. First, the Agency's organizational structure has developed over the past forty years for the primary purpose of providing wholesale water supply and flood control services. This organizational structure is well suited for operating larger water and wastewater systems, but it is inefficient for the Agency to operate smaller wastewater systems. The Agency's small wastewater systems serve, in some cases, as few as several hundred users. Based on the low number of ratepayers, it is difficult to support the larger administrative structure of the Agency that exists to oversee these small systems. The small ratepayer base also makes it difficult to fund improvements aimed at upgrading the systems to operate more efficiently. For small systems, local control and operation appears to be a viable option. In some cases, significant public support exists for local control of the smaller facilities. Based on these factors, it is prudent for the Agency to investigate the potential to transfer or consolidate facilities where possible to create a more efficient operating structure.

Second, the Agency is facing increasing regulatory requirements that require the Agency to upgrade existing secondary wastewater treatment plants and reduce wastewater discharges to local waterways. Regulatory requirements associated with the discharge of water produced by wastewater treatment plants are becoming increasingly stringent. At times during the discharge season, the Agency's wastewater treatment plants experience problems in treating the amount of wastewater entering the plant, in part due to aging collection systems. This has resulted in violations of existing permits resulting in fines. Additionally, operators of wastewater treatment plants are increasingly becoming the targets of lawsuits under the Clean Water Act by private citizens and organizations. To address these issues, the Agency is currently upgrading the Forestville Wastewater tTreatment pPlant, and investigating options to upgrade secondary wastewater treatment plants in Occidental and Sonoma Valley to a tertiary level of treatment. With tertiary treatment, the Agency's existing plants would produce recycled water that can be used in a broader array of applications for municipal and agricultural reuse. In areas where high quality groundwater or surface water is not available, recycled water is currently being utilized as a primary source of irrigation water. In addition, many agricultural users may have inadequate water rights and would also benefit from the use of recycled water. Use of recycled water for municipal and agricultural irrigation can reduce demands on regional surface water and groundwater supplies, and reduce wastewater discharges to local waterways. Recycled water use could also reduce the diversion from tributaries and streams of the Russian River and San Francisco Bay that provide significant habitat for federally threatened fish species including steelhead, coho salmon and chinook salmon, and also provide the primary water supply to various cities, towns, and other municipalities within the county. The Agency is currently investigating potential sources of recycled water throughout the Agency's service area in both Sonoma and Marin counties.

Policy and Direction Regarding Wastewater Management Programs and Activities

Policy: The Agency should: (1) investigate and pursue the potential to consolidate and transfer ownership of existing small wastewater treatment plants to local entities; (2) investigate the feasibility of upgrading existing secondary wastewater treatment plants to tertiary levels; and, (3) continue to pursue opportunities to provide recycled water to municipal and agricultural users within the county in order to reduce surface water discharges to local waterways, and provide significant regional water supply and environmental benefits.

Direction:

a. Where possible, the Agency will work to either (1) facilitate the transfer of sanitation systems serving fewer than about 2,500 people to local public entities, or (2) consolidate such facilities in order to create systems with greater than about 2,500 people.

b. The Agency will investigate the feasibility and, where appropriate, upgrade existing secondary wastewater treatment plants to a tertiary level.

c. ~~The Agency recognizes that both the liability associated with surface water discharges and the demand for recycled water is increasing. As such, t~~The Agency will pursue the development of projects, including collection system and wastewater treatment plant upgrades, recycled water projects, and other projects as identified, that could eventually eliminate surface water discharges (under normal rainfall conditions) and fully and beneficially use all recycled water produced by wastewater treatment plants in Sonoma County. Because the Agency supplies potable water supply in Marin County, the Agency will also encourage recycled water projects in Marin County, and where possible, work to secure recycled water rights in Marin County to be used to offset potable water use in the Agency's service area, both in Sonoma and Marin Counties.

d. The Agency will continue to pursue agricultural user agreements for the use of recycled water to further reduce surface water discharges to local waterways, while promoting the agricultural production and sustainability of the region.

C. Flood Control Programs and Activities

Background: The Agency constructed and maintains numerous flood control facilities, both independently and in cooperation with federal agencies. The principal federal flood control facilities protecting Sonoma County are Lake Sonoma and Lake Mendocino, both constructed by the Corps. These facilities regulate flood flows from a portion of the Russian River basin and reduce flooding in urbanized areas located downstream of the dams. The Agency is the local sponsor for both facilities and retains ongoing obligations to maintain channels, as well as specific bank stabilization and erosion control works constructed by the Corps to limit erosion from flood releases from the dams.

The Agency also constructed and maintains the Central Sonoma Watershed Project that includes four reservoirs built in the late 1960's to reduce flooding in the Santa Rosa area. The reservoirs, located on Santa Rosa Creek, Brush Creek, Paulin Creek, and Matanzas Creek, were built in cooperation with the U.S. Department of Agriculture, Soil Conservation Service, now known as the Natural Resource Conservation Service. The channel maintenance activities associated with Lake Sonoma and Lake Mendocino, and the Central Sonoma Watershed Project, protect urbanized areas including the City of Santa Rosa from flooding.

The Agency also conducts channel maintenance activities on over 300 miles of creeks and waterways within the Sonoma County portion of the Russian River watershed. In 1958, a report submitted to the Agency's Board (Engineer's Report for Creation of Benefit Zones) identified flood control zones of benefit within Sonoma County. The report proposed eight geographical zones of benefit, each of which is comprised of a major watershed. The purpose of designating specific zones of benefits was to raise funds to construct and maintain flood control works. Subsequently, over several years, six of the zones were formed including Zones 1A (Laguna-Mark West Watershed), 2A (Petaluma Creek Watershed), 3A (Valley of the Moon Watershed), 5A (Lower Russian River Watershed), 7A (North Coastal Watershed), and 8A (South Coastal Watershed). To fund projects in these zones, property taxes were set annually to collect sufficient funds to finance flood control services within the zones. With the passage of Proposition 13 in 1976, the funds generated under property taxes were severely cut resulting in a reduction in revenue for the zones. Following the disastrous flooding in 1986, the Board initiated steps to initiate benefit assessments to raise funds for flood control projects. Benefit assessments for Zones 1A and 2A were passed by popular vote in 1986, and subsequently re-approved by voters in 1996. These assessments fund ~~zone installation~~construction, operation and maintenance activities. The annual authorization for these assessments extends through 2006.

Within Zones 1A (the Mark West Creek-Laguna de Santa Rosa watershed), Zone 2A (the Petaluma River watershed), Zone 3A (the Sonoma Creek watershed), and Zone 5A (the Russian River from the mouth to Redwood Highway Bridge at Healdsburg (excluding the area within Zone 1A), the Agency has constructed and maintains some flood control channels. The maintenance activities for these zones have included sediment removal, channel clearing, vegetation maintenance, and bank stabilization.

Many of the Agency's flood control channels are habitat or potential habitat for the salmonid species that have been listed as threatened under the federal ESA. Because the Agency's flood control activities (and, in particular, its flood channel maintenance practices) may affect these species, the Agency's flood control activities are being addressed in the ongoing Section 7 Consultation (Discussed in the Natural Resources, Protection and Enhancement section of this document). The ESA prohibition on "take" of listed species has already resulted in changes to the Agency's flood control and channel maintenance activities. For example, the Agency is removing woody debris only in constructed flood channels, thus leaving natural channels largely undisturbed. In addition, vegetation maintenance activities are conducted to retain canopy cover as much as possible in the riparian zones. The Agency is currently evaluating these changes and their impact on hydraulic capacity.

Stormwater discharges into the Agency's flood control channels that are in the Santa Rosa Creek watershed are permitted under National Pollution Discharge Elimination System (NPDES) Permits with the North Coast Regional Water Quality Control Board (NCRWQCB) and the San Francisco Bay Regional Water Quality Control Board (SFBRWQCB). Under the NCRWQCB permit, the Agency, and its permit partners, the City of Santa Rosa and County of Sonoma, have worked to reduce discharges of pollutants of concern into flood control channels. The Agency, County of Sonoma, and City of Santa Rosa are committed to continuing to examine ways to further reduce discharge of pollutants into flood control channelswaters of the state. The Agency's permit is scheduled for renewal in June 2002. The Agency has investigated the potential to include other towns and cities as part of this permit, but the NCRWQCB has stated that each city and town will need to obtain its own separate NPDES permit. For the Agency's flood control facilities within the San Francisco Bay Regional Water Quality Control Board's permit with the (SFBRWQCB) jurisdiction, the Agency is also investigating opportunities for a joint NPDES permit with othercoordinating regional stormwater permitting requirements and monitoring with other entities adjacent to San Pablo Bay.

In the San Pablo Bay region, the Agency is a member and active participant in the North Bay Watershed Association (NBWA[20]). The NBWA is currently composed of public agencies with common interests in the San Pablo Bay Watershed. Among other tasks, the NBWA is interested in developing a coordinated approach to addressing flood control problems.

Policy and Direction Regarding Flood Control Programs and Activities

Policy: The Agency should continue to provide flood control services to the extent practicable, given new regulatory requirements and funding limitations. The Agency should continue to maintain flood control channels and waterways such that impacts to federally threatened fish species are minimized and avoided where possible. The Agency should continue to examine ways to reduce pollutants from entering Agency flood control channels.

Direction:

a. The Agency will act in a proactive manner to ensure its flood control activities continue to perform flood control activities that conform to regulatory requirements, including the requirements of the federal ESA and Clean Water Acts, and any requirements that result from the Agency's ongoing Section 7 Consultation with the National Marine Fisheries ServiceNMFS and the Corps.

b. The Agency will continue to participate with the City of Santa Rosa and County of Sonoma in a joint NPDES permit. The Agency will work to coordinate a regional approach to reducing county flood control problems. A coordinated approach would will include regional coordination on flood control issues both within the NCRWQCB and SFBRWQCB's jurisdictions. The Agency will also investigate the potential for a joint NPDES permits between local entities within the Agency's service areas both in the NCRWQCB and SFBRWQCB

[20] Additional information about the North Bay Watershed Association is included in the Natural Resources Protection, Recovery, and Enhancement portion of this document.

jurisdictions. At such time when either the NCRWQCB and SFBRWQCB approve of a joint permit process, the If joint permits are feasible and appropriate, the Agency will provide leadership in obtaining a joint permit between the Agency, City of Santa Rosa, and other participating towns and cities within Sonoma and Mendocino County as well as a joint permit with local entities in Marin County, and in southern Sonoma County including the cities of Petaluma and Sonoma, to reduce flood control problems.

c. Similar to the Agency's efforts with the NBWA in San Pablo Bay, the Agency will work to develop a consortium of local entities within the Russian River watershed to develop cooperative efforts to address flood control problems in the Russian River watershed both in Sonoma and Mendocino County.

d. The Agency will evaluate additional mechanisms for public funding of needed programs and improvements prior to the expiration of the voter-approved flood control assessments in Zones 1A and 2A. To maintain the existing flood control benefits within Zones 1A and 2A, the Agency will seek voter approval of the benefit assessments in 2006.

D. Recreational Activities on Agency Property:

Background: The Agency's enabling act authorizes it to provide water for recreation and to provide limited recreation opportunities in connection with its flood control and water supply facilities. Consistent with this authority, the Agency has entered into agreements with other public entities to develop or authorize recreational uses on Agency property, including at Spring Lake and along Santa Rosa Creek, Colgan Creek, areas adjacent to Brush Creek, the Russian River, and several other creeks located in the Santa Rosa Plain. the The Agency manages Russian River flows, pursuant to its state water rights permits, which provide recreational benefits to the local community including increased water for swimming, boating, and fishing along the river. The Agency also owns property throughout Sonoma County, much of it in scenic locations. This property, in addition to providing water supply, sanitation, and flood control functions, preserves the existing visual character of natural scenic areas.

Policy and Direction Regarding Recreational Activities on Agency Property

Policy: The Agency should consider additional opportunities for managing its property to increase public recreational use and open space benefits. The Agency should maintain existing opportunities and provide new opportunities for public recreational use of Agency property, to the extent consistent with budgetary constraints and the primary use of the property for flood control and water supply purposes.

Direction:

a. The Agency will evaluate its existing property and consider public partnerships to develop recreational opportunities. Priority will be given to recreation opportunities that benefit the greatest number of people while continuing to protect water quality, alleviate flooding, and provide sanitation services.

b. When acquiring land and siting future facilities, the Agency will consider the public recreation potential of the land and will cooperate with other agencies to enhance active and passive recreational opportunities, where appropriate, while continuing to protect water quality and supply, and alleviate flooding.

E. Security, Safety and Preparedness

Background: In 1996, the Agency adopted an Emergency Preparedness Policy. Pursuant to this policy, the Agency has developed procedures, including an Emergency Operations Plan (EOP), to guide Agency responses to emergencies. The Agency's EOP identifies a wide range of emergency circumstances, including floods, earthquakes, spills, power failures, vandalism, and sabotage, and directs staff responses to emergency situations.

The Agency continues to assess risks to its facilities on an ongoing basis. According to the U. S. Environmental Protection Agency, the primary threats to the Nation's drinking water supplies are contamination by chemical, biological, or radiological agents; damage, destruction, or sabotage of physical infrastructure; and disruption to computer systems. In the Russian River region, earthquakes and floods present an additional risk to the Agency's facilities and operations.

Policy and Direction Regarding Security, Safety and Preparedness

Policy: The Agency should take such steps as are necessary to protect its facilities and systems and the region's water supply from natural and manmade disasters, and from sabotage.

Direction:

a. The vulnerability of the Agency's water supply and sanitation facilities will continue to be evaluated on an ongoing basis, facility by facility, with particular attention to reducing risks to Agency facilities. Priority will be given to prevention of harm from earthquakes, floods and sabotage. The assessment should evaluate: (1) the risks to the reliable operation of the Agency's facilities; (2) structural improvements, administrative and operational modifications to reduce risk of impaired operation, where feasible; and, (3) the costs for implementing such measures.

b. The Agency's EOP will continue to be updated on an ongoing basis to ensure that appropriate security, safety, and preparedness measures are incorporated.

F. Natural Resource Protection, Recovery, and Enhancement

1. Russian River Fisheries

Background: In carrying out water supply, flood control, and sanitation activities, the Agency must comply with laws, rules, and regulations enacted to protect natural resources, as well as with permit terms and conditions. Applicable laws include state and federal endangered species and water quality acts, federal and state safe drinking water acts, federal and state environmental laws, and state water laws (including the constitutional prohibitions against waste and unreasonable use of water). In addition, as a public entity, the Agency has a responsibility to consider the "public trust" interests in regional waterways, including uses of the waterways for recreation, fish, wildlife, and aesthetics.

The Agency's unique responsibility for the Russian River fisheries arises from the Agency's control of the nonflood releases of water from two federal projects, Lake Mendocino (on the East Fork Russian River) and Lake Sonoma (on Dry Creek and Warm Springs Creek, Russian River tributaries). The Agency controls the nonflood releases from these projects through the Agency's contracts with the federal government and in compliance with its state water rights permits. The latter obligate the Agency to maintain certain minimum streamflows in the Russian River and Dry Creek for, among other reasons, the benefit of the fisheries. The Agency's responsibility also arises from its flood control, sanitation, and water supply and hydroelectric generation activities in the Russian River basin.

Three species of Russian River anadromous fish, coho and chinook salmon and steelhead, have been listed as threatened under the federal ESA. In response to these listings, the Agency is consulting with state and federal agencies to determine what changes are needed to ensure that Agency activities do not harm listed species. The most significant is a consultation authorized by Section 7 of the federal ESA, which is being carried out pursuant to a Memorandum of Understanding among the Agency, the Corps, and the ~~National Marine Fisheries Service~~NMFS, dated December 31, 1997. Under the Section 7 Consultation, the Agency, in cooperation with the Corps and ~~National Marine Fisheries Service~~NMFS, is evaluating the effects of certain Agency water supply and flood control facilities and operations, and Corps flood control operations on listed fish species. As part of the Section 7 Consultation, the Agency and Corps are preparing a Biological Assessment (BA) to assess impacts of the Corps' and Agency's operations related to flood control and water supply, and to support the Section 7 Consultation. The BA will provide a description of the actions subject to consultation, and ultimately provide the basis for the ~~National Marine Fisheries Service~~NMFS to prepare a Biological Opinion (BO) that will evaluate the Agency's and Corps' activities, including conservation actions. The BO will state the ~~National Marine Fisheries Service's~~NMFS's opinion as to whether or not the actions included in the consultation are likely to jeopardize the continued existence of the listed fish species or adversely modify their critical habitat. The BO will, in effect, authorize a certain amount of take of the listed species under certain specified terms and conditions. To be allowed to take listed fish, the Agency and the Corps must comply with these terms and conditions. Therefore, the BO will affect how the Agency operates existing and proposed water supply and diversion facilities, and flood control facilities.

To address species recovery at the federal level, the NMFS, CDFG, Corps, and the Counties of Mendocino, Sonoma, and Marin (among others) entered into a for MOU Recovery Planning. The purpose of the MOU for Recovery Planning is to develop a recovery plan and facilitate the coordination of recovery activities between federal, state, and local entities. The Agency is interested in adding additional signatories to the MOU for Recovery Planning to further coordinate and facilitate the involvement of local entities in the recovery planning process.

In addition to the federal listings, on August 30, 2002 the California Fish and Game Commission found as warranted the CDFG's recommendation to list coho salmon (between San Francisco Bay and Punta Gorda including the Russian River watershed) as endangered under the state ESA. To address the need for recovery planning at the state level, the Board passed a resolution approving support to the CDFG on the development of a recovery strategy for coho salmon. The Board directed staff to provide professional and technical services to assist CDFG in recovery planning efforts. The Agency's primary reason for participation in this process is that the final content of the State Coho Recovery Strategy has the potential to impact the Agency's water supply operations for years to come. The outcome of the State Coho Recovery Strategy process may directly affect the Agency's compliance with the state ESA. In addition, it is anticipated that the timely completion of the State Coho Recovery Strategy could speed and advance the development of the ongoing federal recovery planning process for the three federally listed species. Agency involvement in supporting the State Coho Recovery Strategy process will help: integrate local concerns into the process; incorporate water supply, sanitation, and flood control issues into recovery planning; and identify related impacts and costs to be shared by all the various entities involved. Overall, completion of all of the state and federal recovery planning processes will assist and guide the Agency in operating its existing and future water supply, sanitation, and flood control facilities in compliance with the state and federal ESAs.

Separate from the Agency's ongoing Section 7 Consultation and ongoing participation in recovery planning, over the past several years, the Agency has been instrumental in efforts to protect listed fish species in the Russian River and its tributaries. As part of its ongoing efforts, the Agency is currently investigating partnership opportunities with other entities to further protect the Russian River and its tributaries, including the protection of native habitat for listed fish species, regional water supply, and water quality. Two examples of the Agency's ongoing efforts for watershed protection include the Agency's Fisheries Enhancement Program (FEP), and the ongoing development of Agency watershed protection partnerships.

Since 1996, the Agency has conducted and coordinated the FEP, with a primary goal of improving native fish resources of the Russian River and its tributaries. The focus of the FEP is to enhance habitat for federally listed fish species including chinook salmon, coho salmon, and steelhead. As part of the FEP, the Agency has conducted and coordinated more than 70 projects. These activities included stream restoration projects, fish and habitat studies, and other watershed projects. Several noteworthy projects have been initiated under the FEP, including the Copeland Creek Restoration Project, the Crocker Creek Dam Removal Project, and the Mumford Dam Fish Passage and Riparian Enhancement Project. For the Copeland Creek Project, the Agency has completed more than 6,000 linear feet of riparian restoration. For the Crocker and Mumford projects, the Agency anticipates opening up more than 55 miles of spawning habitat for

listed species that is impaired due to habitat degradation and impediments to fish passage at the two sites.

The Agency has also been instrumental in fostering partnerships with outside local entities for the purpose of enhancing and protecting watershed areas. Recently, the Agency's Board authorized a funding agreement between the Agency and the Sonoma County Agricultural Preservation and Open Space District (District) in the amount of $250,000 to contribute toward the District's acquisition of the Cooley Ranch Conservation Easement, a cooperative effort to protect more than 19,000 acres of land in northern Sonoma County and southern Mendocino County adjacent to Lake Sonoma. The Agency's Board also recently authorized a joint purchase between the Agency and the District of 394 acres of riverfront property upstream of the Agency's water supply diversion facilities. In addition to ~~Cooley Ranch~~these examples, the Agency is continuing efforts to identify partnership opportunities with County agencies and other entities to protect and enhance watershed lands throughout the Russian River watershed. Through such efforts, the Agency is committed to safeguarding the Russian River watershed for both fisheries, and as a reliable long-term regional water supply.

The Agency intends to continue to carry out and, where appropriate, expand its Russian River fisheries enhancement and restoration programs, and watershed protection activities. Recovery of the threatened salmonid species and general watershed improvement will require participation and support from a wide range of public and private agencies and groups, including the Agency. The Agency is committed to providing a leadership role in continuing these efforts to protect, preserve, and enhance the Russian River watershed.

Policy and Direction Regarding Russian River Fisheries

Policy: The Agency has a unique responsibility with respect to the Russian River anadromous fisheries. In addition to complying with all regulatory requirements, the Agency should encourage, sponsor, and, where feasible, contribute to and participate in carrying out comprehensive programs to maintain, protect, and recover the Russian River fisheries. In so doing, the Agency should participate in coordinating fisheries recovery and watershed improvement efforts and identify and pursue new and increased funding sources for such efforts. The Agency should also provide leadership in coordinating activities among relevant agencies and groups to ensure efficient application of resources.

Direction:

a. The Agency will use its best efforts to ensure a prompt and effective completion of the pending Section 7 Consultation.

b. The Agency will seek to renegotiate existing contracts and negotiate new water supply contracts including the ~~new~~ Restructured Agreement for Water Supply such that those contracting with the Agency pay an appropriate share of environmental costs associated with delivering current and future water supply. These costs may include environmental permitting, compliance mitigation, restoration, and enhancement costs.

c. To facilitate coordination of fisheries recovery efforts, the Agency will work to modify the existing MOU for Recovery Planning, and negotiate and implement ~~two~~ a new MOU among local entities that operate within the Russian River watershed ~~agreement~~. First, the Agency will work to modify the recently signed~~a memorandum of understanding~~ MOU among public agencies involved in fisheries restoration and population recovery efforts in the North-central California Coast recovery planning domain~~, under which a recovery plan would be developed and implemented~~ to include additional local entities as signatories to the MOU for Recovery Planning. The purpose of the MOU for Recovery Planning is to facilitate coordination among federal, state, and local efforts in the recovery planning process and in increasing fisheries populations. Second, the Agency will work to develop a memorandum of understanding among local public agencies in the Russian River watershed which use the Russian River for water supply, affect the Russian River through waste discharges and land use activities, or are affected by Russian River flooding. The purpose of the memorandum of understanding is to coordinate local agency projects across jurisdictional boundaries to address regulatory constraints in a more cost-effective manner, and to facilitate the pursuit of funding among local agencies for recovery planning and fishery restoration efforts in the Russian River watershed.

d. The Agency will continue to work with federal, state, and local agencies on cooperative efforts to preserve and protect the water supply, water quality, and environmental resources of the Russian River watershed.

e. The Agency will identify and pursue other funding sources for fishery enhancement, water quality improvements,[21] and restoration and recovery efforts, including state, federal, and private sources, so that the Agency's ratepayers and Sonoma County taxpayers do not pay a disproportionate share of these costs.

f. The Agency will continue to play an active role in recovery of threatened fish populations within the North-central California Coast Planning Domain, through continued leadership and participation with federal, state, and local agencies that are involved in the recovery planning process.

2. San Pablo Bay Watershed:

Background: The Agency has interests and participates in a number of activities in the San Pablo Bay watershed. The Agency's interests stem from its involvement in providing water supply to urbanized areas adjacent to San Pablo Bay, its involvement in flood control activities in the Petaluma River and Sonoma Creek watersheds, its management of the ~~Sonoma Valley County Sanitation District (~~SVCSD~~)~~ Wastewater Treatment Plant ~~which~~ that discharges treated effluent to tributaries of San Pablo Bay, and its participation in regional planning efforts to promote recycled water use and environmental restoration in the San Pablo Bay region. The San Pablo Bay watershed is home to federal and state-listed sensitive species, and provides significant wetland and grassland habitat for numerous shorebird and wildlife species. The following briefly

[21] Water quality improvements are needed for direct waste discharges and also indirect, or nonpoint source discharges.

describes the Agency's operating environment in the San Pablo Bay watershed including: the Agency's water supply, flood control and sanitation responsibilities; the environmental resources in the San Pablo Bay area; and cooperative agency efforts underway to promote recycled water use and environmental restoration.

Regarding water supply, the Agency provides wholesale water to two entities within Sonoma Valley, the VOMWD and the City of Sonoma (City). The VOMWD and City retail water to customers located within the San Pablo Bay watershed. Three of the Agency's water contractors, the City of Petaluma, the NMWD, and MMWD, and a water customer, the Penngrove Water Company, are also located within the San Pablo Bay watershed. Currently, the Agency's water supply system is constrained both within the Sonoma Valley and Petaluma Valley. During the summer peak water use period, the Agency has difficulties providing enough water to meet the demands of its contractors adjacent to San Pablo Bay. The Agency is currently investigating options to ensure a more reliable water supply during peak use periods. In particular, the Agency is investigating the use of recycled water to offset potable water use. The Agency is also studying groundwater use under a cooperative partnership with the U.S. Geological Survey. The purpose of the study is to identify problems associated with groundwater pumping throughout the Sonoma Valley. In addition, to address water supply problems in Petaluma, the Agency's Water Conservation Program and a recycled water study being prepared by the North Bay Watershed Association (NBWA) are identifying additional steps to reduce water demand.

Regarding flood control, the Agency currently has management responsibility for approximately 20 flood control channels and numerous natural creeks in the San Pablo Bay watershed. The Agency is responsible for ensuring that these channels and creeks are maintained to protect local resources during flooding events.

In addition to water supply and flood control operations, the Agency also operates the SVCSD. The SVCSD currently discharges treated effluent either to Schell and Hudeman Slough, or to the SVCSD's reclamation system for beneficial reuse. The reclamation system is a system of storage ponds and distribution lines that connect to privately owned irrigation systems, transmission lines, and pumping stations that allow for the reuse of recycled wastewater for irrigating pasturelands and vineyards. The reclamation system also consists of three wetland management units. Recycled water is used in two of the three management units to enhance wetland habitat. The SVCSD also has the capability to deliver water to nearby wetlands that are managed by the California Department of Fish and Game. Due to limited storage space, any recycled water in the ponds that is not reused for irrigation or wetland habitat enhancement is discharged to Hudeman Slough during the discharge season between November 1 and April 30. Due to changes in water quality regulations, and constraints associated with the SVCSD's discharge permit, the SVCSD faces increasing challenges associated with continuing its discharge to local waterways during the discharge season. As such, the SVCSD is interested in pursuing alternative projects to further reduce discharges within the San Pablo Bay watershed.

The environmental resources of the San Pablo Bay region are diverse in nature ranging from mudflats and marshes, to upland grassland habitat. The areas adjacent to the SVCSD's wastewater treatment plant and reclamation system, and some of the SVCSD's

reclamation system land, provide significant wetlands and wildlife habitat for sensitive species. These lands, including the Cargill Salt Ponds recently acquired by the CDFG, the reclamation system's management units, constructed wetlands mitigation ponds, and diked baylands in the area also provide habitat for a large number of shorebirds and other wildlife species. Of particular importance to the area, the SVCSD initiated the Hudeman Slough Wetland Enhancement Project to mitigate impacts associated with construction of the SVCSD's R1 and R2 storage reservoirs. The project includes approximately 120 acres of upland grasslands, upland mitigation ponds, seasonal saline wetlands, permanent ponds, and diked brackish marsh. The SVCSD has used recycled water in some of these areas to create year-round habitat for listed species. A study conducted by the SVCSD concluded that the use of recycled water, if properly managed, can be used for restoration purposes to provide significant habitat benefits to the local area. In addition to the SVCSD's current Wetlands Enhancement Project, there are other potential opportunities for restoration and enhancement including CDFG's Cargill Salt Ponds, as well as other areas not yet identified by the SVCSD.

The Agency and the SVCSD are active participants in the NBWA, currently composed of 14 public agencies with common interests in the San Pablo Bay Watershed. The purpose of the NBWA is to coordinate member agency activities in the areas of permitting and environmental restoration. Member agencies share a common interest in compliance with various regulations, environmental permitting, recycled water use, endangered or threatened species preservation, habitat restoration, protection of water quality, water conservation, and in funding acquisitions to support such common interests. The NBWA completed ~~is currently conducting~~ a feasibility study to identify opportunities to beneficially use recycled water in the San Pablo Bay watershed. In addition to the NBWA, a number of sanitation agencies located on or adjacent to San Pablo Bay, have discussed the potential to work on cooperative projects to beneficially reuse recycled water. Benefits of reuse include habitat protection and enhancement, offset of groundwater pumping and surface water diversions, potential wetlands creation and enhancement, and reduction of surface water discharges to San Pablo Bay from local wastewater treatment plants.

Policy and Direction Regarding San Pablo Bay Watershed

Policy: Due to the significant environmental resources located in the San Pablo Bay area, the Agency, as a primary operator of water supply, flood control, and sanitation services, has a responsibility to operate its facilities in an environmentally responsible manner. As a water supply purveyor and discharger to local waterways, the Agency, on behalf of the SVCSD, should identify and pursue opportunities to beneficially reuse recycled water to reduce discharges to local waterways and tributaries adjacent to San Pablo Bay while providing regional water supply and environmental benefits. In its efforts, the Agency should seek opportunities to develop cooperative partnerships in the areas of recycled water and environmental restoration, and where possible, identify and pursue federal and state funding to carry out those efforts. In addition, the Agency should work with local regulatory agencies to develop regulations and modifications to existing regulations that recognize and balance the needs of sanitation agencies and environmental resources in the San Pablo Bay area.

Direction:

a. Recognizing the water supply constraints associated with the Agency's existing water supply facilities within the Sonoma Valley and Petaluma Valley, the Agency will identify and pursue the use of recycled water to offset potable water use.

b. Subject to available funding, the Agency will continue to study groundwater usage within the Sonoma Valley and Petaluma Valley to identify issues of concern regarding groundwater pumping within the Agency's service areas.

c. The Agency will work cooperatively with the NBWA member agencies, local sanitation agencies, resource conservation districts, the Sonoma Ecology Center, and other entities to identify, evaluate, and where appropriate, pursue recycled water projects in the San Pablo Bay region in order to optimize the beneficial reuse of recycled water.

d. Recognizing the competing interests within the San Pablo Bay watershed, the Agency will actively participate in the process to develop or modify existing federal and state regulations affecting sanitation agencies, such that implementation, monitoring, feasibility, and costs to sanitation agencies are considered when developing or modifying such regulations.

e. Where possible, the Agency will work cooperatively with local entities, and federal and state regulatory agencies, on regional partnerships or cooperative ventures to use recycled water for environmental restoration and enhancement purposes. In particular, the Agency will continue to work with local sanitation agencies, and federal and state agencies to promote the use of recycled water to restore the Napa-Sonoma Salt Marsh complex.

f. The Agency will work to upgrade the ~~Sonoma Valley~~ SVCSD Wastewater Treatment Plant to tertiary level to assist in reducing surface water discharges to local waterways and provide recycled water that can be used for a wider range of beneficial uses within the watershed.

g. The Agency will continue to pursue agricultural user agreements for the use of recycled water to further reduce surface water discharges to local waterways, while promoting the agricultural production and sustainability of the region.

h. The Agency will actively identify and pursue federal, state, and local funding to carry out the activities identified above.

III. Implementation

In order to effectively use the Water Policy Statement, Agency staff will work to implement the policies and direction identified in the Water Policy Statement for specific Agency activities. In doing so, the Agency will pursue implementation strategies that limit the financial burden on Sonoma County taxpayers and the Agency's water supply customers' ratepayers to the maximum extent practicable. In anticipation of continued regional change and the dynamic nature of the Agency's work, Agency staff will deliver an initial implementation progress report to the

Board within six months of approval of the Water Policy Statement. Additional progress reports will be delivered to the Board every two years thereafter, or as requested by the Board. When appropriate, and as directed by the Board, the Agency's Water Policy Statement will be revised and updated.